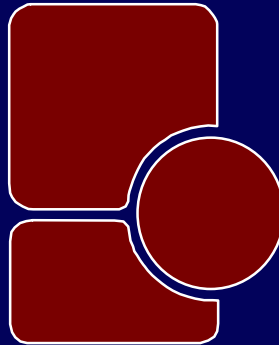


**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



**Review of the Performance and Management
of the Virginia Department of Health**

**Staff Briefing
November 8, 1999**

Introduction

2

Staff for this study:

Robert Rotz, Division Chief

Wayne Turnage, Project Leader

Eric Messick

Kelly Bowman

Presentation Outline

3



Study Overview



Background



Performance Outcomes for
Community Health Programs



Funding the State's Public Health System



Performance of Central Office Regulatory
and Health Service Functions



State-Level Management of the
Health Department

Study Mandate

4

- In 1998, the General Assembly passed House Joint Resolution 137 directing JLARC to study the functional areas of Health and Human Resources, including the Virginia Department of Health (VDH).
- One year later, through the 1999 Appropriations Act, the General Assembly required JLARC to focus its review on the organization, management, and performance of VDH.

Research Activities

5

- **Structured interviews with State officials**
- **Site visits to 13 local health departments to conduct interviews with local health department staff, review restaurant inspection records, and review paperwork documenting the permit process for onsite sewage systems and private wells.**
- **Analysis of program performance data for communicable disease programs.**
- **Analysis of funding, staffing, and program data for local health departments and central office regulatory programs.**

Summary of Findings (continued)

6

- In general, the findings from this review indicate that despite resource problems, local health departments have done a good job in organizing and delivering State-mandated public health services.
- However, if the long-term effectiveness of public health programs is to be ensured, funding shortages which have created equity problems in local health departments must be addressed.

Summary of Findings

7

- At the State level, there are pressing public policy issues that must be addressed in the coming years. Most notably, leadership for VDH must identify the total resource needs for public health and pursue the necessary funding to ensure that those needs are equitably addressed.
- Additionally, decisions have to be made about the role the State will play in the provision of non-mandated healthcare services for the uninsured.
- Further, VDH must develop a project plan and secure the necessary funding to complete work on its new computer system. This system which has been poorly planned, has already cost \$9 million and projected future costs are more than \$6 million.

Summary of Findings

8

- Finally, to carry out these activities, the agency must receive more consistent leadership. Over the past eight years, five State health commissioners have served at VDH.

Presentation Outline

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- ☐ Study Overview
- ☒ **Background**
- ☐ Performance Outcomes for Community Health Programs
- ☐ Funding the State's Public Health System
- ☐ Performance of Central Office and Health Service Regulatory Functions
- ☐ State-Level Management of the Health Department

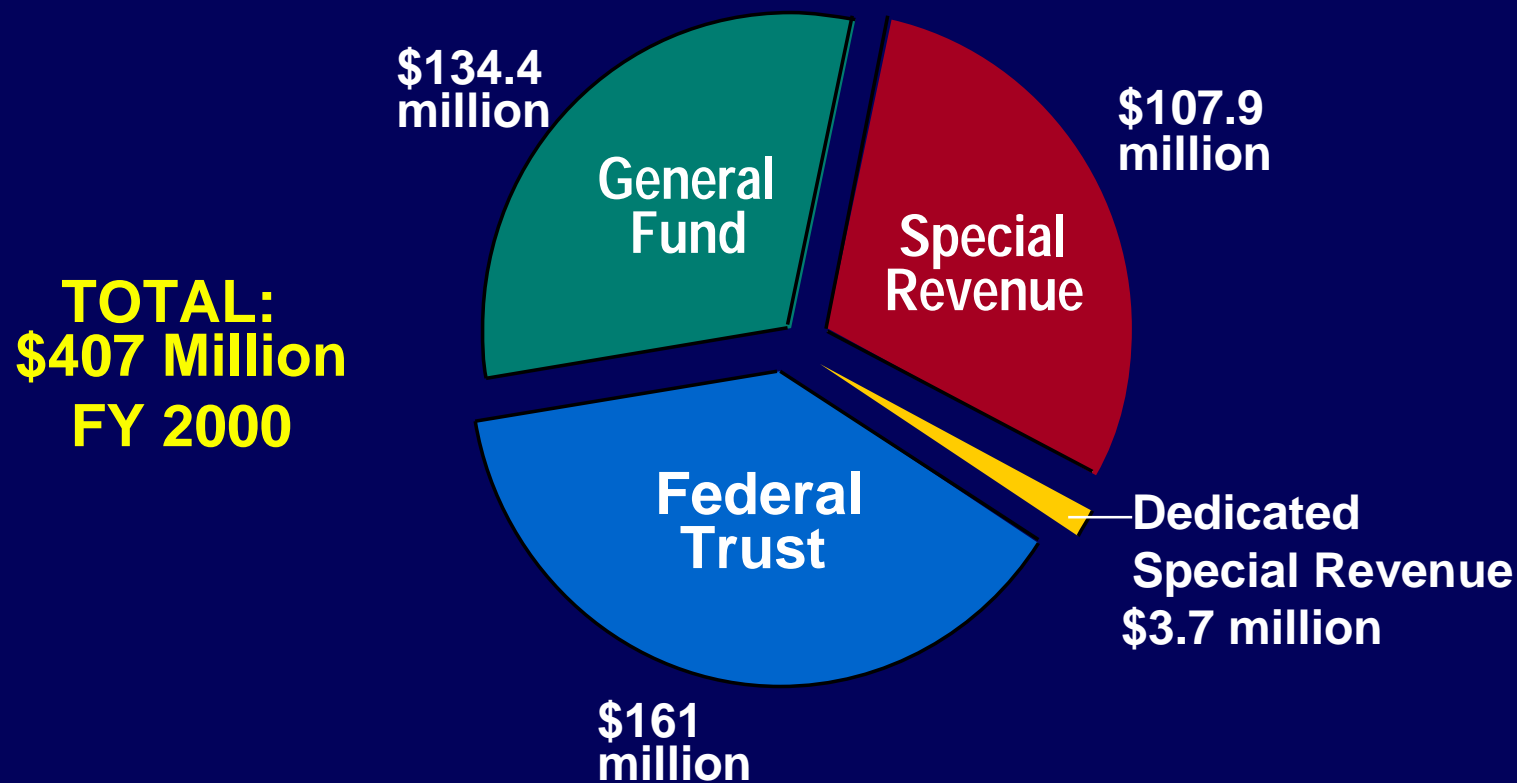
Background

10

- **The Virginia Department of Health is a multi-tiered system consisting of the following key elements:**
 - **State Board of Health, which formulates health policy and establishes the regulations governing the system**
 - **State Health Commissioner, who is vested with the authority to carry out the duties of the Board of Health**
 - **35 health districts, consisting of 119 local health departments. These local offices provide services in the general areas of environmental health, community healthcare, and communicable disease control**

The State's Public Health System Is Funded Through Several Sources*

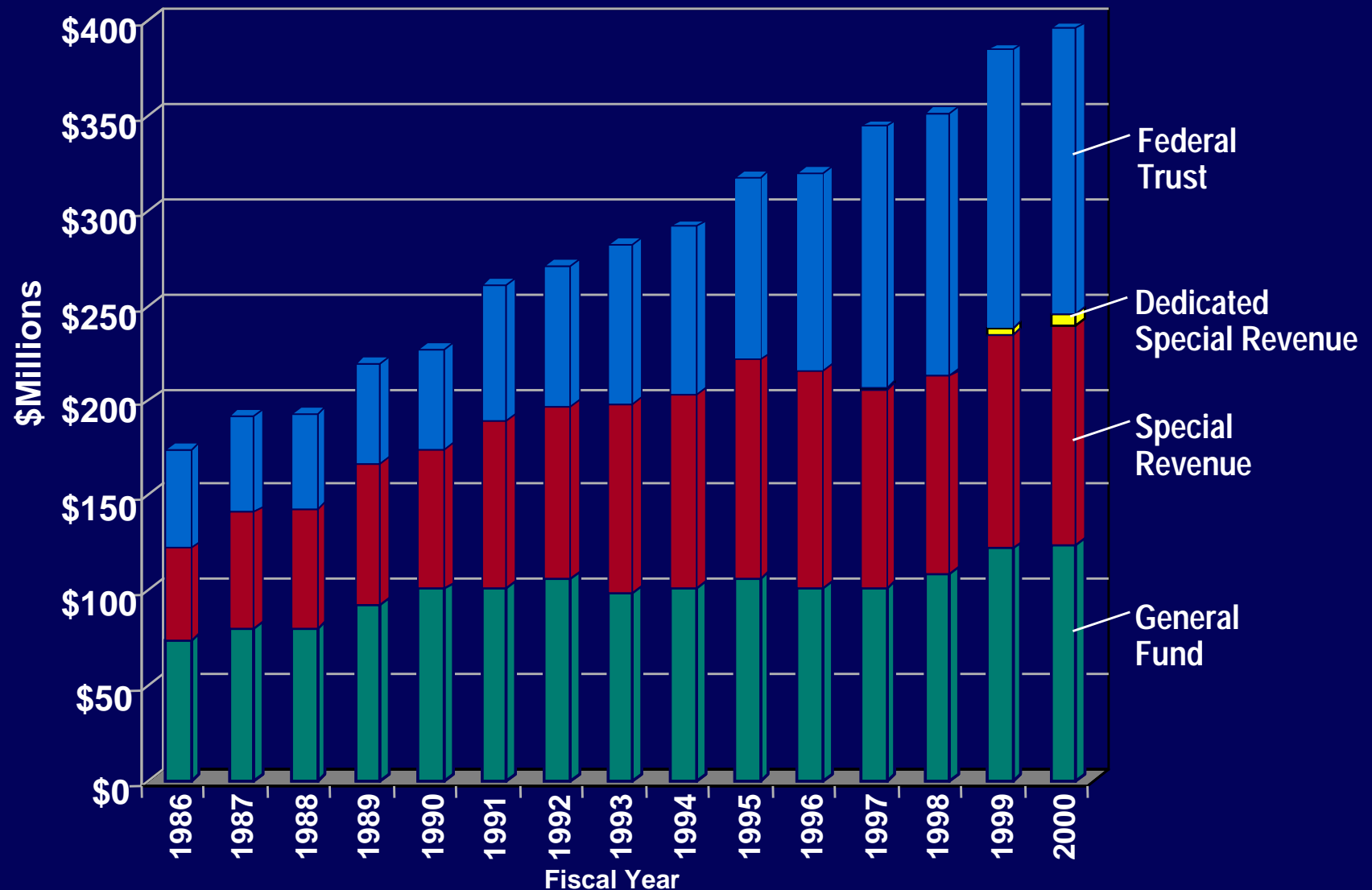
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*This figure, and the figures on slides 12 and 13, focus on funding provided through the State Appropriation Act. The figures do not include approximately \$38 million in local government funds.

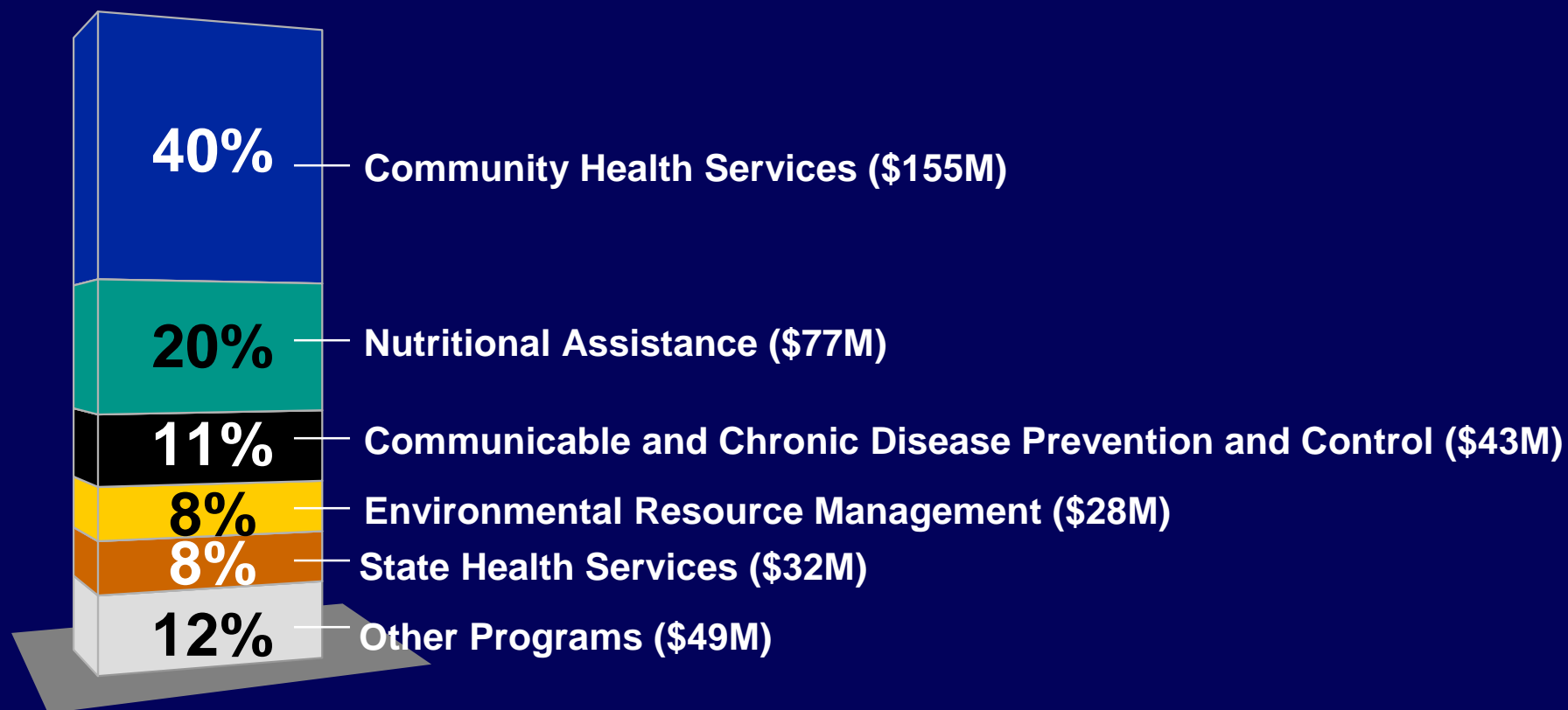
Federal Trust Funds Represent a Growing Funding Source for the State's Public Health System

12



Community Health Services Received the Largest Portion of Funds Allocated for Public Health in FY 1999

13



Total Allocated Funds: \$384 Million

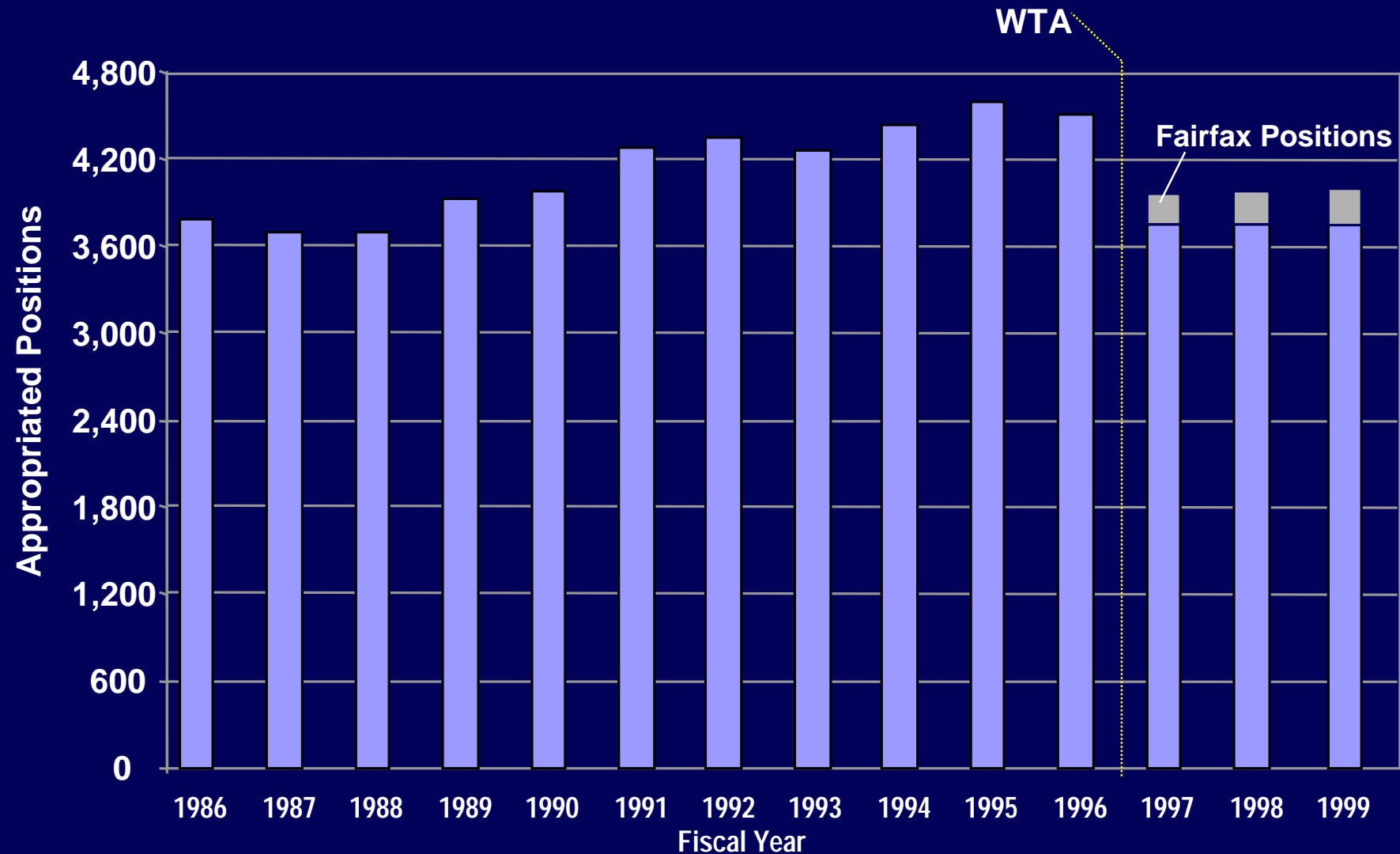
Local Governments Contribute to Support of Community Health Programs

14

- Currently, local governments contribute an additional \$38 million to community healthcare programs.
- This amount is based on a measure of the locality's ability to pay. No locality is required to pay more than 45 percent and no less than 18 percent of the cost of public health.

Staffing for the Health Department Has Declined Since FY 1996

15



While Virginia Exceeds the National Average on Many Health Indicators, It Compares Unfavorably on Several

16

Health Indicator	Virginia's Rate	National Rate
Infant Mortality	7.7	7.2
Low Birthweight Rate	7.7	7.5
Occurrence of Syphilis	9.2	3.2
Occurrence of Gonorrhea	135	122.5

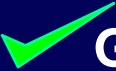


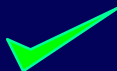
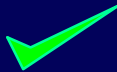


Presentation Outline

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- ☐ Study Overview
- ☐ Background
- ☒ **Performance Outcomes for
Community Health Programs**
- ☐ Funding the State's Public Health System
- ☐ Performance of Central Office and Health
Service Regulatory Functions
- ☐ State-Level Management of the
Health Department

The Health Department's Communicable Disease Programs Are Generally Well-Designed and Effectively Implemented

18

VDH Report Card on Major Communicable Disease Programs	
Key:  Good  Satisfactory with Improvement Needed  Unsatisfactory	
Treatment of Tuberculosis Disease	
Treatment of Sexually Transmitted Diseases, HIV, and AIDS	
Immunization Program	
Tuberculosis Prevention Program	

The Drug Completion Rates for Persons Who Were Treated for Tuberculosis Disease Are High

19

	Total	Urban	Suburban	Rural
Percent Completing Treatment (FY 1998)	93%	95%	93%	93%

Local Health Department Staff Are Able to Contact and Test Most Persons Who May Have Been Exposed to Certain Sexually Transmitted Diseases

20

Program Outcome	Syphilis	Gonorrhea	HIV	AIDS
Percent of “Named” Partners Who Were Tested in 1998	77%	79%	72%	69%
Percent of “Named” Partners with Positive Tests Who Were Treated by VDH In 1998	75%	86%	69%	81%

Local Health Department Staff Performed the Required Follow-Up on Certain Reportable Diseases in FY 1998

21

	Total	Urban	Suburban	Rural
Percent of "Critical" Disease Cases That Receive Follow-up	96%	94%	97%	96%
Percent of "Critical" Disease Cases That Are Resolved	95%	86%	98%	96%

Local Immunization Programs Require Additional Attention

22

- Virginia's 1998 childhood immunization rate of 72 percent has increased by less than two percent in the last eight years and falls substantially short of VDH's year 2000 objective of 90 percent.
- The rates are lowest in many large urban areas such as the following:
 - Richmond -- 68 percent
 - Hampton -- 63 percent
 - Norfolk -- 50 percent
 - Roanoke -- 64 percent
- The lack of a Statewide immunization registry is a key roadblock to a more efficient delivery of immunization services.

Recommendation

23

- To increase the efficiency and effectiveness of the State's immunization program, the General Assembly may wish to consider mandating that private doctors ensure that immunization data for all children that they vaccinate is entered onto the Virginia Health Department's online network when that system is completed. This requirement should include the necessary legal protections for physicians from any lawsuits that might arise from their participation in this program, but also clearly state the Virginia Department of Health's responsibility to ensure the integrity and confidentiality of the network information.

Drug Completion Rates for Tuberculosis Prevention Program Could Be Improved

24

- Statewide, only 64 percent of all persons who are started on a drug regimen to prevent their TB infection from developing into actual TB disease complete the treatment.
- Low completion rates can be partly explained by high patient workload for local health department staff who provide other medical services.

Recommendation

25

- **The Virginia Department of Health should collect the necessary data to contrast the demographics of persons who complete preventive drug therapy with those who do not. As a part of this effort, the department should determine the patients' reasons for failing to complete the therapy and take the appropriate actions to address this problem.**

Environmental Health Programs Are Generally Well Implemented, But a Few Problem Areas Remain

26

VDH Report Card on Environmental Health Programs

Key:  Good  Satisfactory with Improvement Needed  Unsatisfactory

Restaurant Inspection Program



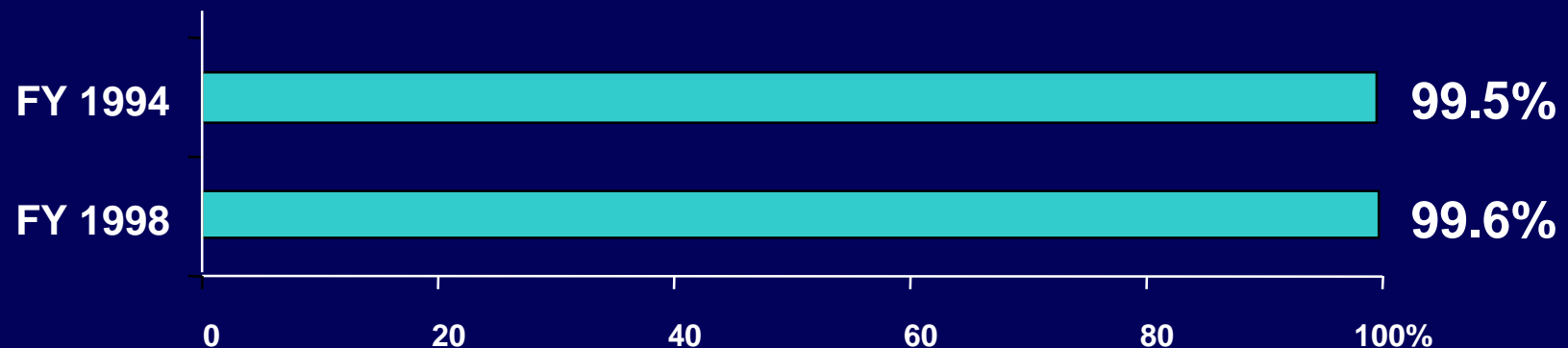
Onsite Sewage and Septic System Program



Local Health Departments Are Successfully Meeting the State-Mandated One Inspection Per Year for Food Service Establishments

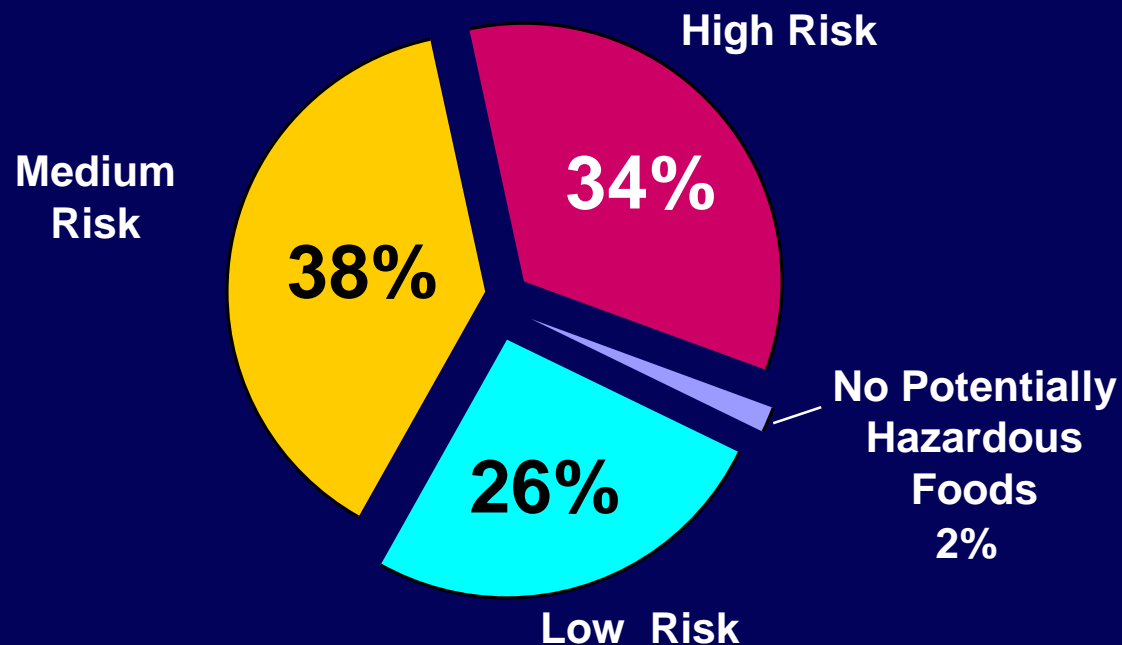
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Local Health Department Coverage Rates for Annual Food Service Establishment Inspection Mandate



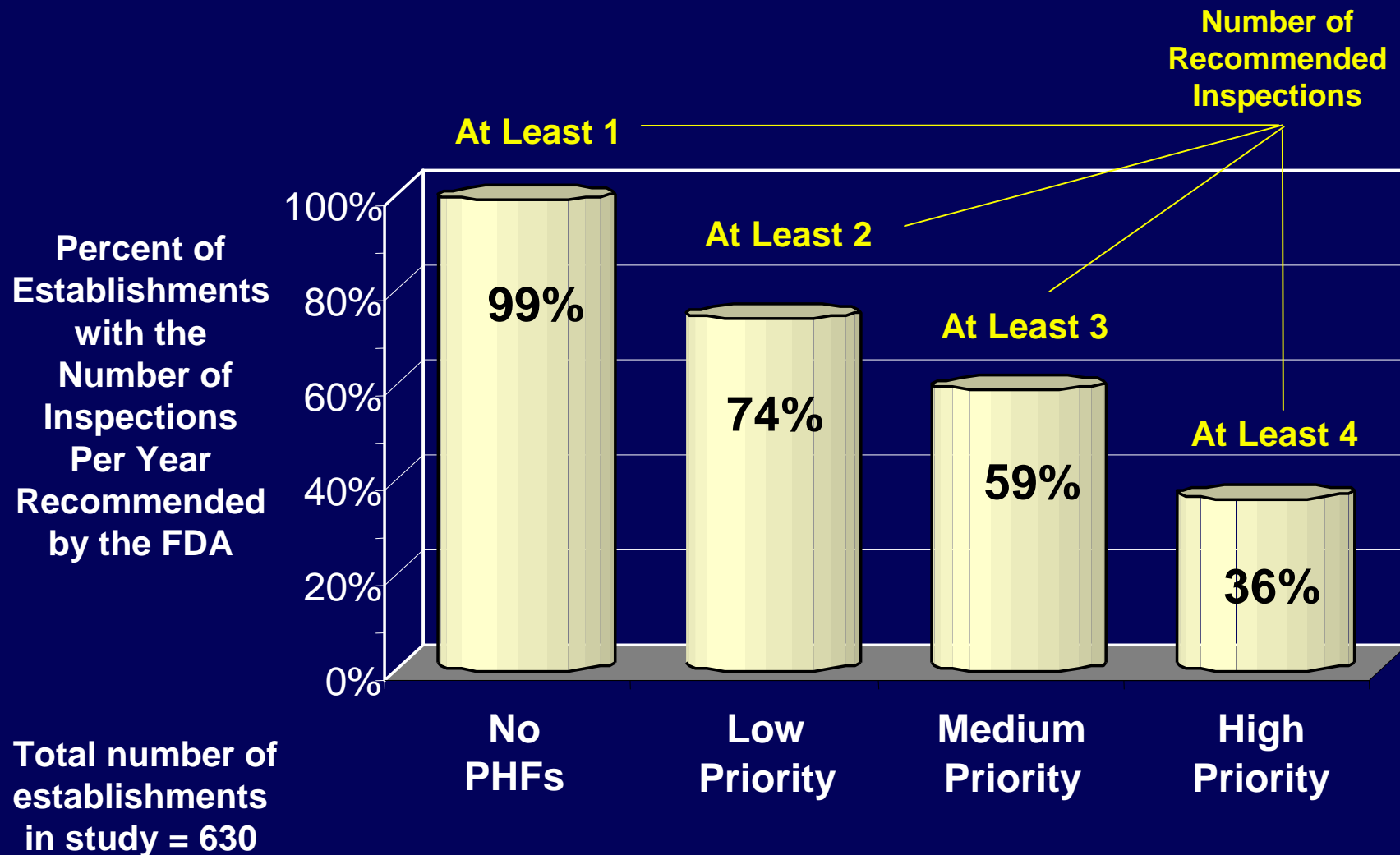
Nearly 75 Percent of Food Service Establishments In Virginia Can Be Considered Medium or High-Risk

28



Many High-Risk Food Service Establishments Are Not Receiving the Number of Annual Inspections That May Be Needed to Ensure Public Health

29



Use of Civil Fines Could Improve Compliance Among Problem Food Service Establishments

30

- There are two types of food code violations: critical and non-critical . Critical violations are those that pose an imminent health risk, such as presence of rodents in the food service establishment or poor food temperatures. Non-critical violations, such as uncovered garbage cans, pose less of an immediate health hazard.
- Data from this study indicate that as the number of inspections increases, the number of observed critical violations declines. This does not occur for non-critical violations because local inspectors have no appropriate sanctions to impose for repeated occurrences of non-critical violations.

Recommendations

31

- The General Assembly may wish to amend Section 35.1-22 of the *Code of Virginia* to link the number of annual inspections of a food service establishment to the risk profile of the establishment. The number of annual visits required should reflect the recommendations made in the 1997 FDA Food Code.
- The Virginia Department of Health should do a workload analysis to assess the need for additional environmental health staff in the local health departments. Staffing levels should reflect the need to inspect establishments based on their risk assessment.

Recommendation

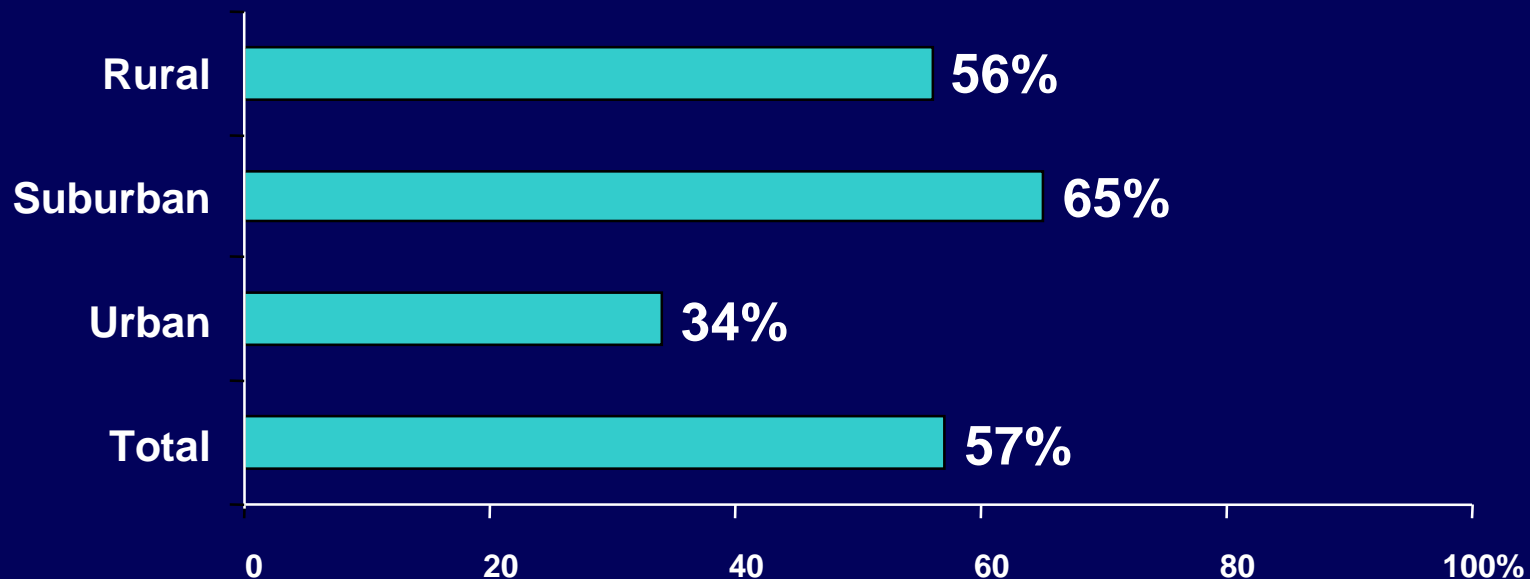
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- The General Assembly may wish to amend the *Code of Virginia* by granting local health inspectors the authority to assess civil fines on establishments for repeated violations of the State's food code.

Timeliness of the Permitting Process For Septic Systems Is Still a Problem

33

**Percent of Septic System Applications
that Were Processed within 15 Working Days in FY 1998**



Recommendation

34

- The Virginia Department of Health should complete a workload analysis in a year to determine the effect of Section 32.1-163.5 of the *Code of Virginia* on the workload of environmental health staff at the local health departments. This analysis should be completed by March of 2001.

Presentation Outline

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- ☐ Study Overview
- ☐ Background
- ☐ Performance Outcomes for Community Health Programs
- ☒ **Funding the State's Public Health System**
- ☐ Performance of Central Office and Health Service Regulatory Functions
- ☐ State-Level Management of the Health Department

State and Local Governments Share Costs of Community Health

36

- Since 1954, the State and local governments have agreed to share in the costs of local community health programs but these costs were not based on the needs of the system.
- In 1987, the Health Commissioner identified the development of a system to rationally assess the public health needs of local communities as essential.
- In 1988, JLARC developed a formula to address a long-standing concern that the required local shares were not based on localities' ability to pay.

VDH Has Yet to Identify Community Public Health Resource Needs

37

- In the twelve years since identification of the total community health resource needs of localities was first cited as a priority, VDH has made some progress in this area but has not put a system in place to quantify local public health needs.
- As a result, the following problems remain:
 - Current State and local shares for community public health are still tied to historical funding trends
 - Special fund appropriations have exacerbated inequities created by historical funding trends
 - VDH's decision to reallocate State funds to localities that could afford the State match requirement has introduced additional inequities in local funding

State Funding of Cooperative Agreement Should Also Be Revisited Using Most Recent Local Revenue and Personal Income Data

38

Funding Status	Total	Urban	Suburban	Rural
Locality Pays Recommended Share	13%	24%	31%	1%
Locality Pays More Than Recommended Share	61%	71%	41%	69%
Locality Pays Less Than Recommended Share	25%	5%	28%	29%

Equity Problems Have Surfaced in Staff Allocations

39

Locality	Total Workload	Total Staff	Workload–to-Staff Ratio
Page County	*2,975	5.40	550.9
Frederick-Winchester	*10,627	6.11	1,739.2
Wythe County	*5,839	20.57	283.8
Bristol	*5,486	9.50	577.5
Tazewell County	**654	4.22	154.9
Russell County	**663	2.78	238.5

*1998 Patient data

**1998 Environmental Workload

Recommendation

40

- **The Virginia Department of Health should develop staffing standards for each major community public health program and present a preliminary estimate of the resources required to meet statewide local public health needs based on these standards. The Department of Health should present this methodology and associated estimate to the House Appropriations and Senate Finance Committees by October 2000.**

Recommendation

41

- **The Virginia Department of Health should develop and implement a policy for allocating the State's share of the cooperative budget. The policy should build upon and extend the needs-based formula and staffing standards for use in making allocations of positions and funds to the local health departments. The State share to meet those costs should be calculated using the VDH funding formula, but with the use of updated data for local revenue capacity and median adjusted income. The Department of Health should present this policy to the Board of Health prior to September, 2000.**

Presentation Outline

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- ☐ Study Overview
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- ☐ Performance Outcomes for Community Health Programs
- ☐ Funding the State's Public Health System
- ☒ **Performance of Central Office and Health Service Regulatory Functions**
- ☐ State-Level Management of the Health Department

VDH Implements a Number of Centrally-Located Regulatory Programs and Provides Several Public Health Services

43

- **As a part of its broad scope of activities, the health department provides the following services:**
 - **Regulation of shellfish sanitation**
 - **Licensure and federal certification of nursing homes, home health agencies, acute care facilities, and hospitals**
 - **Regulation of managed care providers**
 - **Administration of newborn screening program**
 - **Operation of the Chief Medical Examiners Office**
 - **Implementation of a Statewide emergency medical care system**

Problems Exist With Several of VDH's Key Regulatory Programs

44

Regulatory Function	Mission	Problem Area
Shellfish Sanitation	Regulate shellfish and crabmeat production	Unfunded new federal requirements force tradeoffs in sanitation program
Long-Term Care	Enforce minimum standards to protect health and safety of nursing home residents and hospital patients	Unfunded new federal requirements force tradeoffs by reducing facility inspections
Acute Care	Provide onsite inspections and complaint investigations of managed care organizations and acute care facilities	Insufficient staff to investigate complaints against acute care facilities

VDH Has Made Progress in Regulation of Managed Health Insurance Plans

45

- The 1998 General Assembly required the Board of Health to promulgate regulations related to the quality of care provided through managed care plans.
- Additionally, the General Assembly required a consultant's study of the State's handling of its quality assurance responsibilities for managed care and VDH's contractual obligations for the implementation of Medicare and Medicaid certification.

VDH Has Made Progress in Regulation of Managed Health Insurance Plans

(continued)

46

- It appears that the Board of Health will have the regulations governing the quality of care provided by managed care plans completed by the December 1, 1999 deadline. The work completed thus far includes:
 - Development of draft regulations and revisions by advisory committee in open session
 - Approval of proposed regulations and subsequent mailings to 300 interested parties
 - Completion of public comment period

Consultant Identifies Need for Improvement in Managed Care Oversight

47

- Four areas for improvement were identified by the consultant in its review of VDH's managed care oversight function:
 - VDH should assume a greater role in educating consumers about managed care and their rights under state regulations
 - VDH should develop clear and more effective uses of the data it collects from managed care organizations
 - VDH needs to explore ways to finance anticipated increases in operational expenses
 - VDH should encourage interagency communication and greater public-private collaboration

VDH's Newborn Screening Program Works Well, But Workload Problems Exist in Other Programs

48

Program	Primary Mission	Problem Area
Newborn Screening	Screen every infant born in the Commonwealth for a series of genetic traits and inborn errors of metabolism	None. All babies born are screened and follow-up is conducted for all babies with abnormal results
Chief Medical Examiner	Investigate violent, suspicious, or non-attendant deaths	Workload problems have forced state medical examiners to limit the number of autopsies
Emergency Medical Services	Plan and develop a Statewide comprehensive emergency medical care system to improve the delivery of emergency medical care	Regulation of non-emergency wheelchair transportation services consumes a disproportionate amount of staff time

Recommendation

49

- **The Virginia Department of Health should determine whether current staffing levels for its regulatory programs are adequate to meet program requirements. VDH should identify the resources needed to adequately carry out the regulatory functions and present its findings to the House Appropriations and Senate Finance Committee by January 2000.**

Recommendations

50

- The Department of Health should conduct a workload analysis to identify the staffing levels needed in the Office of the Chief Medical Examiner to meet the autopsy requirements in the *Code of Virginia*.
- The Department of Health and the Department of Medical Assistance Services should jointly develop a formula for reimbursing the Office of Emergency Medical Services for the inspection and licensing of wheelchair transportation services agencies.

Presentation Outline

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- ☐ Study Overview
- ☐ Background
- ☐ Performance Outcomes for Community Health Programs
- ☐ Funding the State's Public Health System
- ☐ Performance of Central Office and Health Service Regulatory Functions
- ☒ **State-Level Management of the Health Department**

State-Level Management of VDH Has Been Problematic

52

VDH Report Card on State-Level Management of Public Health	
Key:  Good  Satisfactory with Improvement Needed  Unsatisfactory	
Stability of Agency Leadership	
Development of Comprehensive Strategic Plan	
Implementation of Comprehensive Strategic Plan	
Assessment of Public Health Programs	
Management of Central Office Programs	
Management of Project for New Information System	

There Has Been Frequent Turnover in the Commissioner's Position

53

Commissioner	Tenure	Status
Dr. E. Anne Peterson	11/99-	Permanent
Dr. E. Anne Peterson	12/98- 11/99	Acting
Dr. William Nelson	8/98 – 12/98	Acting
Dr. Randy Gordon	11/95 – 8/98	Permanent
Dr. Donald Stern	6/94 – 1/95	Acting
Dr. Robert Stroube	12/91 – 6/94	Permanent
Dr. Robert Stroube	9/91-12/91	Acting

There Has Also Been Significant Turnover in Key Management Positions

54

Position	Responsibility	Turnover Since 1997
Deputy Commissioner for Public Health	Sets policy for family health, epidemiological services, and environmental health	8
Office of Epidemiology	Provides policy guidance and technical assistance to local community health programs	3
Data Processing Director	Manages VDH's information system including developmental work on the new online database	4

Vacuum in Leadership Has Slowed VDH's Response to a Number of Key Policy Issues

55

- **Due in part to staff turnover, VDH staff have not been able to devote the time needed to strategic plan development and implementation, program assessment, and policy development. Some of the consequences of this include:**
 - **A weakened internal planning process**
 - **Perpetuation of funding problems for a number of agency divisions**
 - **Local health department operations have been slowed by significant resource problems**
 - **An absence of a clear articulated mission on the role of local health departments in the provision of primary healthcare**

Recommendations

56

- The General Assembly may wish to consider revising §32.1-17 of the *Code of Virginia* to broaden the requirements for the State Health Commissioner to include membership in any recognized board in a primary care specialty.
- The exposure draft for this report recommended that a permanent commissioner for the Virginia Department of Health should be appointed.
 - A permanent commissioner was appointed on November 4, 1999.

Recommendation

57

- **The Virginia Department of Health should reduce the administrative duties of the Associate Commissioner to allow this position to focus on broader issues of policy direction and communication.**

One of VDH's Major Projects Has Been the Development of a New Complex Computer System

58

- In 1996, VDH began the developmental work on a new computer system called VISION. This system was designed to integrate the many different data systems operated by the agency into an online network.
- The major benefits of the planned system included:
 - reduce the inefficient use of resources associated with maintaining so many different databases
 - create a public health information warehouse accessible to all appropriate public health decisionmakers
 - provide the vehicle to allow the agency to achieve Y2K compliance

VISION Has Been Mismanaged by the Office of Information Management (OIM)

59

- Many of the factors that have plagued the operation and management of VDH's central office functions -- staff turnover, absence of leadership, poor project management, and inadequate funding -- have undercut work on VISION as well.
- Despite the magnitude of the project, critical elements of the planning process were largely neglected by VDH's OIM managers. For example:
 - There was no formal needs assessment to determine the staff expertise that would be needed to complete the project
 - There was no project plan that could serve as a roadmap for project development
 - OIM did not develop a budget indicating the amount and source of funding for this new system

CDCI Has Taken Control of VDH's OIM Unit to Address Y2K Issues

60

- As VISION was viewed by VDH as its vehicle for achieving Y2K compliance, delays in the development of the system provided the impetus for Century Data Change Initiative (CDCI) project office to assume responsibility for the project.
- Ultimately, CDCI shut down additional developmental work on VISION and focused its resources on ensuring that all of the agency's computer systems achieve Y2K compliance by the end of the year. In total, CDCI spent more than \$9 million on this project.

VDH Needs to Find Funding to Complete Work on VISION

61

- **At the end of 1999, CDCI's work on VISION will end but the system will not be completely developed. CDCI staff have indicated that the costs of completing the system will be another \$6 million.**
- **Presently, VDH has not identified the funds to ensure the completion of the system. Nor has the department developed the type of project plan needed to guide future work on this system.**

Recommendation

62

- **The Office of Information Management in the Virginia Department of Health should develop a detailed project plan for the remaining modules of VISION. This project plan should include a detailed budget plan, staffing requirements, and scheduled completion dates for each module. The Department of Health should present the VISION project plan to the Senate Finance and House Appropriations Committees by February 1, 2000.**